

WASHINGTON POST  
3 January 1987

# Administration Set To Ask \$100 Million In Contra Funding

*SDI Request in Fiscal 1988 to Rise 62%*



By Joanne Omang  
and R. Jeffrey Smith  
Washington Post Writers

The Reagan administration will ask Congress to renew its \$100 million open commitment to the Nicaraguan contras in the fiscal 1988 budget, rather than asking for a major increase from the fiscal 1987 level, officials said yesterday.

In addition, the Department of Defense will seek a 62 percent funding increase for the Strategic Defense Initiative, or "Star Wars" research program, in the budget, administration and congressional sources said yesterday.

As the administration prepared to present its budget to Congress and the public on Monday, the Congressional Budget Office made revised economic and budget projections that predict somewhat slower economic growth and slightly higher inflation rates than do latest administration forecasts.

The CBO predicts that the nation's gross national product will grow in real terms at about an annual rate of 3 percent, somewhat higher than in 1986. Inflation, according to the CBO estimates, will rise from the 1986 rate of about 1 percent to 4.4 percent a year from now.

The CBO also estimates that the federal deficit for the current fiscal year, which ends in September, will be \$174.5 billion, almost \$24 billion higher than its forecast last August.

If the CBO estimate is accurate, the fiscal 1987 deficit will be substantially higher than the \$144 billion target established by the Gramm-Rudman-Hollings balanced-budget act that Congress claimed it had met when it set spending levels last year.

The decision on contra aid reflects concern that a doubling of the commitment, urged by the rebel

leaders and some supporters, might not weather the controversy over diversion of Iranian arms sale funds to the contras fighting the government of Nicaragua, the officials said.

James C. Miller III, director of the Office of Management and Budget, said in an ABC-TV interview that "something in that range" of \$100 million will be requested when the 1988 budget figures are announced.

"We will not abandon the contras," he said.

A White House official added that the request will be an open part of the Defense Department proposal, rather than part of the secret intelligence community budget that funds covert operations around the world.

An administration request this week for an additional \$2.8 billion for defense and \$1.3 billion for foreign policy spending in fiscal 1987 will not include any contra funding, the official said.

He said that although the fiscal 1988 request "could vary by some technicalities a few million dollars," it will be broken down along the lines of the current allocation: \$70 million for military aid; \$27 million for food, medicine and other non-lethal assistance, and \$3 million for an office to monitor the contras' observance of human rights.

Under current law, President Reagan may assign responsibility for administering the entire amount to the Central Intelligence Agency or whatever other body he chooses, allowing overt aid to be spent in a covert manner. That provision is expected to be continued in the 1988 request.

Bosco Matamoros, Washington spokesman for the Nicaraguan Democratic Front, the largest rebel group, confirmed that the contras had hoped for higher allocations and said the level should be decided by the contras' progress in the field.

The planned \$5.2 billion request for the Star Wars program is \$2 billion more than Congress approved in the fiscal 1987 budget and stands little chance of succeeding, sources said.

Last year, Congress cut the administration's request by 33 percent. Yesterday Rep. Les Aspin (D-Wis.), chairman of the House Armed Services Committee, predicted that the Pentagon's SDI request also will be sharply cut.

"We'll probably allow them enough growth to cover inflation, plus a little bit more," Aspin said.

The senior Republican on the committee, Rep. William L. Dickinson (Ala.), also predicted that the administration's planned request for SDI expenditures of nearly \$6 billion by both the Pentagon and the Department of Energy will be trimmed.

"There is no way that such funding can or should be approved," he said, "particularly when it is requested at the expense of needed conventional capabilities."

Dickinson's comments were made in a letter to Secretary of Defense Caspar W. Weinberger, which criticized Pentagon plans to cancel or slow production of three Army helicopters and the M1 tank "in order to stuff extra billions into SDI—billions everyone knows will be killed because of the political climate."

The Pentagon's \$5.2 billion request for SDI in fiscal 1988 will come only a week after it announced plans to request \$500 million in "supplemental" SDI funds for fiscal 1987, to be considered by Congress on an accelerated schedule.

The request included \$250 million for research on a large rocket to be used for lifting missile defense sensors and weapons into space, which several members of Congress say they will investigate in hearings this spring.